MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2019/2020

BAC1834 – FINANCIAL ACCOUNTING 1

(All sections / Groups)

14 October 2019
9 am – 11 am
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of **8** pages excluding the cover page with:
   Section A: Twenty (20) multiple choice questions
   Section B: Three (3) structured questions

2. Attempt **ALL** questions. Marks are shown at the end of each question.

3. Answer **Section A** in the multiple choice answer sheet and answer **Section B** in the answer booklet provided.

SECTION A: MULTIPLE CHOICE QUESTIONS (40 MARKS)

There are **TWENTY (20)** questions in this section. Answer ALL questions on the **multiple choice answer sheet.**

1. Bookkeeping primary involves which of the following parts of the accounting process?
   A. Identification.
   B. Communication.
   C. Recording.
   D. Analysis.

2. The accounting process is correctly sequenced as _____.
   A. identification, communication, recording.
   B. recording, communication, identification.
   C. identification, recording, communication.
   D. communication, recording, identification.

3. Internal users of accounting information include all of the following except the _____.
   A. CEO of Sony.
   B. Human Resources department at Hyundai.
   C. Marketing department at Braun.
   D. Shareholders of Airbus.

4. An account will have a credit balance if the _____.
   A. credits exceed the debits.
   B. first transaction entered was a credit.
   C. debits exceed the credits.
   D. last transaction entered was a credit.

5. A debit is not the normal balance for which account listed below?
   A. Dividends.
   B. Cash.
   C. Account receivable.
   D. Service revenue.

6. The first step in the recording process is to _____.
   A. prepare financial statements.
   B. analyze each transaction for its effect on the accounts.
   C. post to a journal.
   D. prepare a trial balance.

Continued...

7. MSG Berhad purchased equipment for RM1,800 cash. As a result of this event,_____.
   A. equity decreased by RM1,800.
   B. total assets increased by RM1,800.
   C. total assets remained unchanged.
   D. total liabilities increased by RM1,800.

8. Adjusting entries are required _____.
   A. yearly.
   B. quarterly.
   C. monthly.
   D. every time financial statements are prepared.

9. Which of the following statements is true?
   A. Debits increase assets and increase liabilities.
   B. Credit decrease assets and decrease liabilities.
   C. Credit decrease assets and increase liabilities.
   D. Debits decrease liabilities and decrease assets.

10. Prepaid expenses are _____.
   A. paid and recorded in an asset account before they are used or consumed.
   B. paid and recorded in an asset account after they are used or consumed.
   C. incurred but not yet paid or recorded.
   D. incurred and already paid or recorded.

11. Inventories affect _____.
   A. only the statement of financial position.
   B. only the income statement.
   C. both the statement of financial position and the income statement.
   D. neither the statement of financial position nor the income statement

12. Which one of the following inventory methods is often impractical to use?
   A. Specific identification
   B. Average cost
   C. FIFO
   D. All of these answer choices are practical to use

13. Depreciation expense for a period is computed by taking the _____.
   A. original cost of an asset – accumulated depreciation.
   B. depreciable cost ÷ depreciation rate
   C. cost of the asset ÷ useful life
   D. market value of the asset ÷ useful life.

14. Blank checks _____.
   A. should be safeguarded.
   B. should be pre-signed.
   C. do not need to be safeguarded since they must be signed to be valid.
   D. should not be prenumbered.

Continued...

15. Which one of the following is not an objective of a system of internal controls?
    A. Safeguard company assets
    B. Overstate liabilities in order to be conservative
    C. Enhance the accuracy and reliability of accounting records
    D. Increase efficiency of operations

16. When equipment is sold for cash, the amount received is reflected as a cash _____.
    A. inflow in the operating section
    B. inflow in the financing section
    C. inflow in the investing section
    D. outflow in the operating section

17. The statement of cash flows _____.
    A. must be prepared on a daily basis.
    B. summarizes the operating, financing, and investing activities of an entity.
    C. is another name for the income statement.
    D. is a special section of the income statement.

18. The statement of cash flows reports each of the following **except** _____.
    A. cash receipts from operating activities.
    B. cash payments from investing activities.
    C. the net change in cash.
    D. cash sales.

19. Each of the following are particularly interested in the statement of cash flows **except** _____.
    A. creditors.
    B. employees.
    C. shareholders.
    D. government agencies.

20. Comparisons of financial data made within a company are called _____.
    A. intracompany comparisons.
    B. interior comparisons.
    C. intercompany comparisons.
    D. intramural comparisons.

[Total marks = 40 marks]

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SECTION B: STRUCTURED QUESTIONS (60 MARKS)

There are **THREE (3)** questions in this section. Candidates must answer ALL three questions in the **answer booklet.**

QUESTION 1

PART A

Transactions for the month of September 2014 for Kimmel Trading are as follows:

Sept	1	Started business with RM50,000 cash and a motor vehicle valued at RM40,000.
	2	Opened a bank account at CIMB and deposited RM25,000 cash.
	4	Purchased goods for RM1,500 by cash.
	6	Paid electricity bills RM200.
	7	Purchased goods on credit RM3,000 from Sara.
	9	Rent received RM6,150.
	14	Credit sales RM4,000 to Shahir.
	18	Bought machinery RM30,000 from Cheng and paid only half of the amount by cheque.
	20	Send cheque for RM2,950 to Sara being full settlement of amount owed to him.
	25	Shahir returned defective goods amounting to RM200.

Required:

Record the above transactions using the General Journal form. Explanations are not required.

(10 marks)

Continued...

PART B

The following transactions occurred in the first month of the business operation:

No	Transactions	Effect on		
		Assets	**Liabilities**	**Equity**
Example	Commission received, RM200	Increase		Increase
1	Introduces capital of RM50,000 cash into the business.			
2	Withdrew RM500 cash to pay for his mother's medical bills.			
3	Bought a van on credit RM70,000 from Proton.			
4	Customer pays us RM6,300.			
5	We pay supplier RM2,700 through online banking.			
6	Repaid a RM780 loan owed to Robert by cash.			
7	Paid internet bills RM200.			
8	Purchased goods by cash RM1,200.			
9	Opened a bank account at MAYBANK and deposited RM30,000 cash.			
10	Paid to staff salary amounting to RM2,600.			

Required:

Complete the above columns to show the effects (Increase/Decrease) of the transactions.

(10 marks)

[Total marks = 20 marks]

Continued...

QUESTION 2

PART A

Selected transactions for the Solomon Berhad are listed below.

1. Payment of interest on note payable.
2. Exchange of land for patent.
3. Payment of dividends.
4. Depreciation.
5. Issuance of ordinary shares.
6. Purchase of land.
7. Loss on sale of land.
8. Retirement of bond.
9. Collection of account receivable.
10. Sale of building at book value.

Required:

Classify each transaction as either (a) Operating activity, (b) Investing activity, (c) Financing activity, or (d) Noncash investing and financing activity.

(10 marks)

PART B

Wasson Berhad reports the following information for the month of August 2019.

		Purchases		Sales	
		Units	Per Unit	Units	Per Unit
1	Beginning inventory	70	RM34		
9	Purchase	110	RM36		
11	Sales			100	RM45
17	Purchase	120	RM37		
22	Sales			60	RM50
25	Purchase	70	RM39		
29	Sales			110	RM50

Required:

Using the FIFO assumption, calculate the amount charged to cost of goods sold and closing inventory for August 2019. (Show computations)

(10 marks)

[Total marks = 20 marks]

Continued...

QUESTION 3

The following Trial Balance was extracted from the books of Waris Enterprise as at 31 December 2018.

	(RM) Debit	(RM) Credit
Purchases and Sales	181,550	474,600
Capital		300,000
Motor Vehicle	260,000	
Insurance	18,000	
General expenses	1,250	
Motor Vehicle maintenance	2,370	
Returns inwards	5,630	
Returns outwards		5,250
Equipment	80,000	
Accumulated depreciation-Equipment		16,000
Rent expense	33,000	
Salary expense	74,500	
Inventory 1 January 2018	21,450	
Drawings	12,440	
Discount allowed	4,260	
Discount received		6,350
Accounts receivable	43,800	
Accounts payable		39,500
Cash	74,370	
Loan from Public Bank		20,000
Commission revenue		5,100
Carriage inwards	13,500	
Utilities	5,430	
Advertising expense	35,250	
	866,800	**866,800**

Additional information:

1. Inventory as at 31 December 2018 was valued at RM19,040.
2. The owner took RM2,500 to pay his son's hospital bill.
3. Equipment is depreciated at 20% per annum using reducing balance method while motor vehicle is depreciated at 20% per annum on cost using straight line method.
4. Interest on loan from Public Bank at 6% per annum has not been paid.
5. RM200 of utilities was paid in advance.

Continued...

Required:

a. Prepare the statement of profit or loss for the year ended 31 December 2018.
(10 marks)

b. Prepare the statement of financial position as at 31 December 2018.
(10 marks)

[Total marks = 20 marks]

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